



DEPARTMENT OF THE ARMY
HEADQUARTERS UNITED STATES ARMY FORCES COMMAND
1777 HARDEE AVENUE SW
FORT MCPHERSON GEORGIA 30330-1062

REPLY TO
ATTENTION OF

AFLG-PROM

25 March 1997

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Contracting Information Letter (CIL) 97-27,
Investigation of Solid State Devices, Incorporated, and Unisem
International

1. The enclosed letter, SARD-PP, dated 26 February 1997, SAB (encl 1), is forwarded for your information and immediate action, if required.

a. The Army shall neither accept any equipment known to contain parts of subject contractors nor grant any waivers or deviations relating to products furnished by subject contractors without contacting David Cohen, Civil Division, Department of Justice, (202) 307-0136. The Department of Justice is supervising a civil fraud investigation of subject contractors for furnishing defective or nonconforming products used in various Army programs and weapons system. Acceptance of these products may be construed as a waiver of civil fraud liability.

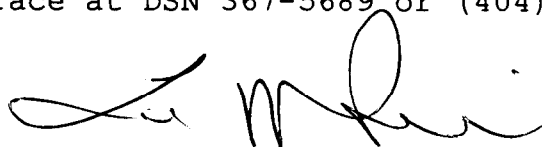
b. To preserve the government's remedies, request that each Director of Contracting or Chief of the Contracting Office, as in the case of the AACC, take steps to strictly adhere to the guidance in the enclosure and give this information the widest dissemination to include your customers.

2. Contact this office immediately if you are involved in the enclosed list of programs (encl 2) and provide requested information to Mr. Cohen with a copy to this office. Direct questions to the Special Agents Henderson and Wyckoff, Defense Criminal Investigative Service at (714) 643-4192, or Mr. Gordon Bobell at (703) 696-1554.

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International

3. Should you require additional information or clarification,
please contact Ms. Julie Grace at DSN 367-5689 or (404) 464-5690.



2 Encls
as

TONI M. GAINES
Chief, Contracting Division, DCSLR
Principal Assistant Responsible
for Contracting

DISTRIBUTION:

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JRTC & FT POLK, ATTN: AFZX-DOC
I CORPS & FT LEWIS, P.O. BOX 33931, ATTN: AFZH-DOC
3RD INF DIV (MECH) & FT STEWART, ATTN: AFZP-DC
101ST ABN DIV (AASLT) & FT CAMPBELL, ATTN: AFZB-DOC
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10TH MTN DIV, FT DRUM, ATTN: AFZS-DOC
COMMANDER AND FT MCCOY, ATTN: AFRC-FM-DC
NATIONAL TRAINING CENTER & FT IRWIN, ATTN: AFZJ-DC
ARMY ATLANTA CONTRACTING CENTER, ATTN: AFLG-PRC



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

26 FEB 1997

SARD-PP

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: INVESTIGATION OF SOLID STATE DEVICES, INCORPORATED, AND
UNISEM INTERNATIONAL

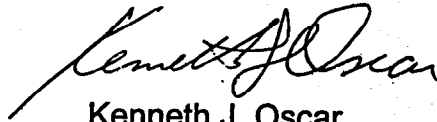
The Department of Justice is supervising a civil fraud investigation of Solid State Devices, Incorporated (SSDI), and Unisem International (Unisem) based on allegations that these contractors furnished nonconforming or defective power semiconductors, transistors, diodes, dies, electronic components, and other products used in various Army programs and weapons systems. The investigation has uncovered evidence which indicates the following: (1) Many SSDI parts do not meet manufacturing and testing high reliability quality standards. (2) SSDI has procured commercial grade parts from various unproved sources through Unisem. (3) SSDI may have falsified test records and product date codes on many parts. (4) Many SSDI parts branded JAN were not manufactured to MIL-S-19500 as required. (5) Operational failure of military hardware may be attributed to nonconforming SSDI parts.

The Department of Justice is concerned that Army or Defense Contract Management Command acceptance of nonconforming SSDI or Unisem supplied items could be construed as a waiver of civil fraud liability. Since contracting officers lack the authority to settle, compromise, pay, or adjust any claim involving fraud, the Department of Justice, in conjunction with the military services, has drafted model language that will allow the Army to continue to field its programs without undermining the civil fraud investigation. The Department of Justice has requested that the Army neither accept any equipment known to contain SSDI parts nor grant any waivers or deviations relating to products furnished by SSDI or Unisem without first contacting David T. Cohen, Civil Division, Department of Justice, at 202-307-0136. He can discuss program-unique issues and provide the model language needed to preserve the government's remedies against SSDI and Unisem.

I request that you forward a copy of this memorandum to Army contracting personnel (to include administrative contracting officers) involved in the programs on the enclosed list or other programs that may contain SSDI components. Army personnel should inform Mr. Cohen if their programs incur significant costs addressing SSDI issues (since they may be recovered), or if the Army experiences failures of SSDI components. If Army personnel are uncertain whether their program uses SSDI parts,



or if they want to learn more about the potential safety problems with SSDI parts, they should call Special Agents Chris Henderson or Craig Wyckoff of the Defense Criminal Investigative Service at 714-643-4192. The Army Procurement Fraud Division point of contact for this matter is Mr. Gordon Bobell, who can be reached at 703-696-1554.



Kenneth J. Oscar
Deputy Assistant Secretary of the Army
(Procurement)

Enclosure

DISTRIBUTION:

Program Executive Officer, Armored Systems Modernization, ATTN: SFAE-ASM,
Warren, MI 48397-5000

Program Executive Officer, Aviation, ATTN: SFAE-AV, 4300 Goodfellow Boulevard, St.
Louis, MO 63120-1798

Program Executive Officer, Command, Control and Communications Systems, ATTN:
SFAE-C3S, Fort Monmouth, NJ 07703-5000

Program Executive Officer, Field Artillery Systems, ATTN: SFAE-FAS, Picatinny
Arsenal, NJ 07806-5000

Program Executive Officer, Intelligence and Electronic Warfare, ATTN: SFAE-IEW,
Fort Monmouth, NJ 07703-5000

Program Executive Officer, Missile Defense, ATTN: SFAE-MD, P.O. Box 1500,
Huntsville, AL 35807-3801

Program Executive Officer, Standard Army Management Information Systems, ATTN:
SFAE-PS, 9350 Hall Road, Suite 142, Fort Belvoir, VA 22060-5526

Program Executive Officer, Tactical Missiles, ATTN: SFAE-MSL, Redstone Arsenal, AL
35898-8000

Program Executive Officer, Tactical Wheeled Vehicles, ATTN: SFAE-TWV, Warren, MI
48397-5000

Program Executive Officer, Cruise Missiles Project and Joint Unmanned Aerial
Vehicles, ATTN: SFAE, 1213 Jefferson Davis Highway, Arlington, VA 22246

LIST OF PROGRAMS WHICH MAY CONTAIN SSDI COMPONENTS

(THE DEFENSE CRIMINAL INVESTIGATIVE SERVICE HAS PROVIDED THIS **PARTIAL** LIST OF ARMY PROGRAMS THAT USE SSDI-SUPPLIED SEMICONDUCTORS. THERE MAY BE OTHER ARMY SYSTEMS BESIDES THOSE LISTED BELOW THAT ALSO USE SSDI-SUPPLIED ITEMS.)

RAH-66 Helicopter
Cobra Helicopter
UHF Follow-on
Gamma Ray Spectrometer
Hellfire Longbow Missile
Stinger Missile
Hawk Missile
Slamer Missile
Javelin Missile
TOW Missile
Multiple Launch Rocket System
M1A1 Tank
Bradley Fighting Vehicle
HMMWV
Identification Friend or Foe Radar
SPS-48 Radar
SPS-40 Radar
APG Fire Control Systems Radar